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JV Grabs 181,381-SF CBD Office Value-Add

By Amy Wolff Sorter

AUSTIN-In an off-market deal, a local real estate operator has bought out its partners in 823 Congress Ave., securing equity backing from the Denver-based Amstar Group LLC. The class B, 181,381-sf office building has changed hands for less than \$100 per sf.

T. Stacy & Associates Inc. and a group of private investors bought the office building in 1994. With the Amstar backing, Tom Stacy's company will continue to lease and manage the building, which is now ticketed for a \$2.5-million renovation. The 1970-construct building, situated at the corner of 9th Street and Congress Avenue, is assessed at \$19 million or \$104 per sf.

Doug Wiley, Amstar's executive director, tells GlobeSt.com that the acquisition made sense for his company because of the upside potential. "Of the 75% occupancy, the majority of that involves tenants paying below-market rents," he explains. "We see a lease-up potential as well as a market rate increase potential."

Wiley adds that Amstar's MO is to acquire value-add opportunities and spend some money on them for improvement. He anticipates renovations on 823 Congress Ave. will take one year to complete, with lease-up taking up to three years. "As we lease up the building, we'll continue to put tenant improvement dollars into the asset," he adds.

The acquisition represents Amstar's first investment in Texas' capitol city in quite some time. Wiley points to a recovering market and present economic fundamentals as a sound reason for the company's decision. He says Amstar is pursuing additional opportunities in the area, including land, industrial and office, although nothing has been placed under contract.

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